

WEDNESDAY, MARCH 4, 1987

IN JOINT CONVENTION

ELECTION OF STATE ELECTION COMMISSION

The hour having arrived, set by House Joint Resolution No. 106--Relative to Joint Convention, Election of State Election Commission, the Senate met with the House in Joint Convention.

The Joint Convention was called to order by Mr. Speaker Wilder, President of the Joint Convention.

On motion of Senator Moore, the roll call of the Senate was dispensed with.

On motion of Representative Naifeh, the roll call of the House was dispensed with.

Thereupon, the Clerk of the Senate read House Joint Resolution No. 106, authorizing the Joint Convention.

Mr. President Wilder stated that the first order of business was the election of five members to the State Election Commission, and declared that nominations for one member were in order.

Representative Phillips placed in nomination the name of the Honorable Lytle Landers of Bedford County.

Representative Naifeh moved that nominations cease and that Mr. Landers be elected by acclamation.

Thereupon, Mr. President Wilder declared the Honorable Lytle Landers duly, legally and constitutionally elected to the State Election Commission for the ensuing four years, as prescribed by law.

Mr. President Wilder declared that nomination for a second member were now in order.

Representative Montgomery placed in nomination the name of the Honorable Jack Seaton of Washington County.

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Representative Naifeh moved that nominations cease and that Mr. Seaton be elected by acclamation.

Thereupon, Mr. President Wilder declared the Honorable Jack Seaton duly, legally and constitutionally elected to the State Election Commission for the ensuing four years, as prescribed by law.

Mr. President Wilder declared that nominations for a third member were now in order.

Representative Yelton placed in nomination the name of the Honorable Clarence Blackburn of Sullivan County.

Representative Cross seconded the nomination for Mr. Blackburn.

Representative Naifeh moved that nominations cease and that Mr. Blackburn be elected by acclamation.

Thereupon, Mr. President Wilder declared the Honorable Clarence Blackburn duly, legally and constitutionally elected to the State Election Commission for the ensuing four years, as prescribed by law.

Mr. President Wilder declared that nominations for a fourth member were now in order.

Senator Cohen placed in nomination the name of the Honorable Tommy Powell of Shelby County.

Representative Dixon seconded the nomination of Mr. Powell.

Representative Turner, C. (Shelby) seconded the nomination of Mr. Powell.

Representative Naifeh moved that nominations cease and that Mr. Powell be elected by acclamation.

Thereupon, Mr. President Wilder declared the Honorable Tommy Powell duly, legally and constitutionally elected to the State Election Commission for the ensuing four years, as prescribed by law.

Mr. President Wilder declared that nominations for a fifth member were now in order.

Representative U. A. Moore placed in nomination the name of the Honorable Charles P. Ashford of Shelby County.

Senator Albright seconded the nomination of Mr. Ashford.

Representative Naifeh moved that nominations cease and that Mr. Ashford be elected by acclamation.

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Thereupon, Mr. President Wilder declared the Honorable Charles Ashford duly, legally and constitutionally elected to the State Election Commission for the ensuing four years, as prescribed by law.

Mr. President Wilder appointed a committee composed of Senators Burks, Cohen, Dunavant and Rucker and Representatives Phillips, Yelton, U. A. Moore and Montgomery to escort Messrs. Landers, Seaton, Blackburn, Powell and Ashford to the Well of the House.

The Oath of Office was administered to Messrs. Landers, Seaton, Powell, Ashford and Blackburn as members of the State Election Commission by the Honorable Judge Martha Daughtrey.

The purpose for which the Joint Convention was called having been accomplished, Mr. President Wilder declared the Joint Convention dissolved.

The Senate repaired to the Senate Chamber.

The House was called to order by Mr. Speaker Murray.

On motion, the roll call was dispensed with.

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IN JOINT CONVENTION

GOVERNOR'S BUDGET MESSAGE

The hour having arrived, set by House Joint Resolution No. 87--Relative to Joint Convention, Governor's Budget Message, the Senate met with the House in Joint Convention.

The Joint Convention was called to order by Mr. Speaker Wilder, President of the Joint Convention.

On motion of Senator Moore, the roll call of the Senate was dispensed with.

On motion of Representative Naifeh, the roll call of the House was dispensed with.

Thereupon, the Clerk of the Senate read House Joint Resolution No. 87 authorizing the Joint Convention.

Senator Moore moved that the President appoint a committee composed of six members for the Senate and six members from the House to notify the Governor that the Joint Convention was in session and awaiting his arrival, which motion prevailed.

Mr. President Wilder appointed the following committee to notify the Governor: Senators Arnold, Cooper, Henry, Lashlee, McNally and Richardson; Representatives Chiles, DeBerry, Herron, Naifeh, Peroulas and Webb. Senator Henry will serve as Chairman of this Committee.

The Joint Convention recessed pending the arrival of the Honorable Ned McWherter, Governor of the State of Tennessee.

The Joint Convention was called to order by Mr. President Wilder.

On motion, the roll calls of the House and Senate were dispensed with.

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Senator Henry announced that the Governor was at the entrance of the House.

The committee escorted the Honorable Ned McWherter, Governor of the State of Tennessee, to the Clerk's rostrum where he delivered the following budget message:

GOVERNOR'S BUDGET MESSAGE

I have entered this chamber a thousand times as a member of the Legislative branch of government. Today I stand here for the first time as a member of the Executive branch. I want to begin by expressing my appreciation for the courtesy and support you have extended me.

As a member of the Legislature, I had the privilege to serve under four governors. Each had his own philosophy and approach to governing. This is appropriate and is the way it should be.

Perhaps because I am a product of the Legislature, I have a different attitude about my constitutional obligation to deliver a budget message. It is my philosophy that the budget message was intended by the Constitution to inform the members of the General Assembly about the priorities of the administration.

I have tried to meet personally with every member of the House and Senate to discuss the details of the budget. I requested that this joint convention be scheduled as a working session at your convenience, and not that of the Governor or the media. Finally, I have directed that my cabinet be available after my remarks to respond to any questions you may have. We will stay as long as any member of this chamber requests assistance.

Thirty-four years ago, a new Governor stood on this very spot and delivered his first budget message. He had just been elected by a large margin. He had campaigned on the platform of increased funding for education, health care and roads.

What he found after taking office was a state budget in serious financial difficulty -- far worse than anyone had imagined. As the Governor stood here in the well, he told the Legislature and the people of Tennessee that he faced three choices.

He could abandon his promises. He could raise taxes. Or he could do the things necessary to put the state's fiscal house in order.

Ladies and gentlemen, we are faced today with circumstances similar to those that confronted this body a generation ago. It is not my purpose to criticize any former Governor or administration. All of us must accept a portion of the blame for the position in which we find ourselves. My attention will be focused on identifying our problems and working with the members of the Legislature to find solutions.

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I had hoped to stand here today and tell you that the state's fiscal posture is sound. But that would be betraying my responsibility as Governor. For nearly two years, the state budget has gone undisciplined.

Last August, the administration dipped quietly into our "rainy day" fund for \$23 million to balance the books on the 1986 budget. When I took office, I discovered that if we did not take immediate action we would end the current fiscal year with a \$43 million deficit. Without further efforts to control spending, our deficit for next year could easily exceed \$100 million.

This is the kind of irresponsible spending that has wrecked the federal budget and threatens the economic stability of this country. I cannot and will not allow this to happen in Tennessee. If I do nothing else as Governor, I plan to restore fiscal discipline to the management of state government.

Allow me to share just a few examples of the ways in which our budget has become undisciplined. Three years ago the administration projected that spending for the Department of Correction in 1987 would be \$154 million. By June, we expect that total to be closer to \$223 million. On top of this figure, the state has spent more than \$1.3 million on prison consultants and has yet to pour a yard of concrete for new prisons.

Last year, I joined the Legislature in approving Medicaid reimbursement for child psychiatric services in the Department of Mental Health. No income eligibility was required -- meaning that millions of dollars of free services are being provided to families who are able to pay.

In the Department of Transportation, funds appropriated for needed road equipment were used to buy new airplanes and charged to "administrative" costs.

In other departments, request for capital outlay bear no relationship to the ability to schedule new construction. As of March 4, there are 264 capital projects funded by the Legislature that have never even been started. In addition, there are 390 projects worth \$445 million that are not completed. This total includes \$175 million worth of projects in the Department of Correction, \$84 million in the Board of Regents and \$83 million in the University of Tennessee.

Throughout the budget, one-time monies have been spent to establish programs that should have been financed only with recurring funds. Everything from computer systems to bridge programs are included in this category.

As disturbing as all these practices are, they are not as alarming as the way in which the administrative costs of state government have been allowed to grow beyond all reason. In higher education, administrative costs for the Higher Education Commission have grown from \$1.1 million to \$1.6 million in

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eight years. During the same period, administrative costs for the University of Tennessee grew from \$9 million to \$15 million, while similar costs for the Board of Regents more than doubled. Meanwhile, the State Board of Education has a staff of ten with a budget of \$748,000.

Examples of this kind are as bad in small agencies as in our large institutions. In five years, the Children's Services Commission has grown from 14 positions to 32. In other agencies, we have found personnel directors for as few as 12 employees.

I list these examples to illustrate a point. I am convinced that together we can make sizable cuts in the administrative costs of state government without damaging the services we deliver to the citizens of Tennessee.

Make no mistake. These cuts will be difficult and often unpopular. Our ability to do what is needed will be a test of our political courage -- and our commitment to responsible government.

Having shared these concerns, I will briefly note some of the major items contained in this proposed budget.

For the first time in more than a decade, the budget document will reflect an absolute decrease in expenditures. In order to restore order to our fiscal posture, I am recommending a budget that will reduce expenditures from \$6.7 billion to \$6.6 billion. The ability to take such an important step will be a test of our resolve. The total number of state employees would be permanently reduced by more than 1,000 administrative positions. In addition, we plan to continue the freeze we've instituted on vacant positions. It is my intention to reduce as many of these positions as possible through attrition.

I emphasize that these cuts will be administrative positions. I have no plans to reduce the number of prison guards, foster care workers or any other state employee who provides a direct service to the public. Moreover, it is not my intention to remove career state employees who are not in a policymaking position.

This budget contains a moratorium on new capital projects. We have more on our plate now than we can handle. I recommend that we clean up the existing projects before starting new ones.

I also recommend to the General Assembly that we scale down our bond program to an amount of \$40 million. This total will authorize the sale of bonds for previously approved projects. The cash we save from this approach would fund this year's supplemental appropriation and restore the Rainy Day Fund to a level of \$75 million.

Some of you may consider these to be drastic measures. In one sense, perhaps they are. But if we are capable of holding the line on these items, we will be able to fund other priorities.

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This budget contains full funding of the academic formulas for K-12 and higher education. It contains full funding for the AFDC standard of need and for foster care.

The budget recommends an innovative new Medicaid program. This creative proposal would provide additional funds to help our hospitals with the heavy burdens of indigent care. At the same time, it will address the serious problem of providing adequate care for pregnant mothers and newborn children.

We have not mortgaged our future by cutting funds for maintenance. And we have not compromised our commitment to protect our environment.

Finally, by cutting administrative costs -- including \$100,000 in the Governor's Office, we have gathered enough funds to provide a 4 percent pay increase for teachers and state employees.

I close with two comments about the budget. First, this is not my budget. This is *our* budget. I intend to give you honest numbers with no hidden costs. To the best of my ability, I will give you the truth.

I will be open to any suggestion from any member of this Legislature. But in turn, I would say this. If you plan to increase spending, bring the additional revenues with you.

Second, I would like to stress to the Legislature and to the people of Tennessee that I have not abandoned my commitments to education, health care, housing and the environment. I am prepared to do everything I can to keep my promises, including an average starting salary of \$18,500 for our teachers.

But unless we restore management discipline to state government -- and do it now -- we will have to turn our backs on all our goals and dreams. And ladies and gentlemen, that I do not intend to do.

Thank you.

Mr. President Wilder relinquished the Chair to Mr. Speaker Murray, President of the Joint Convention.

Mr. President Murray expressed thanks to Governor McWherter.

The purpose for which the Joint Convention was called having been accomplished, Mr. President Murray declared the Joint Convention dissolved.

The Senate repaired to the Senate Chamber.

Thereupon, pursuant to Mr. Naifeh's earlier motion, Mr. Speaker Murray declared the House adjourned until 9:00 a.m. Thursday, March 5, 1987.